

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1001 be amended to read as follows:

- 1 Page 2, between lines 20 and 21, begin a new paragraph and insert:
- 2 "SECTION 3. IC 4-31-2-10.5 IS ADDED TO THE INDIANA
- 3 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 4 [EFFECTIVE JULY 1, 2006]: **Sec. 10.5. "Live racing day" means**
- 5 **a day on which at least eight (8) live horse races are conducted.**
- 6 SECTION 4. IC 4-31-2-20.7 IS ADDED TO THE INDIANA
- 7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 8 [EFFECTIVE JULY 1, 2006]: **Sec. 20.7. "Slot machine" has the**
- 9 **meaning set forth in IC 4-35-2-9.**
- 10 SECTION 5. IC 4-31-4-2 IS AMENDED TO READ AS
- 11 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. (a) A county fiscal
- 12 body may adopt an ordinance permitting the filing of applications under
- 13 IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks
- 14 in the county. However, before adopting the ordinance, the county fiscal
- 15 body must:
- 16 (1) conduct a public hearing on the proposed ordinance; and
- 17 (2) publish notice of the public hearing in the manner prescribed
- 18 by IC 5-3-1.
- 19 (b) The county fiscal body may:
- 20 (1) require in the ordinance adopted by the county fiscal body that
- 21 before applications under IC 4-31-5 to conduct pari-mutuel
- 22 wagering on horse races at racetracks in the county may be filed,
- 23 the voters of the county must approve the conducting of horse
- 24 racing meetings in the county under section 3 of this chapter; or
- 25 (2) amend an ordinance already adopted by the county fiscal body
- 26 to require that before applications under IC 4-31-5 to conduct
- 27 pari-mutuel wagering on horse races at racetracks in the county
- 28 may be filed, the voters of the county must approve the conducting
- 29 of horse racing meetings in the county under section 3 of this
- 30 chapter.

1 An ordinance adopted under this section may not be amended to apply
 2 to a person who has already been issued a permit under IC 4-31-5
 3 before amendment of the ordinance.

4 **(c) An ordinance adopted under this section authorizing a**
 5 **person to conduct pari-mutuel wagering on horse races at**
 6 **racetracks in the county may not be adopted or amended in a**
 7 **manner that restricts a person's ability to conduct gambling games**
 8 **under IC 4-35. An ordinance adopted by the county fiscal body**
 9 **permitting slot machines in the county is not a prerequisite for the**
 10 **lawful operation of slot machines under IC 4-35.**

11 SECTION 6. IC 4-31-5-9 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) The commission
 13 shall determine the dates ~~and the number~~ of racing days authorized
 14 under each recognized meeting permit. Except for racing at winterized
 15 tracks, a recognized meeting may not be conducted after December 10
 16 of a calendar year.

17 **(b) The commission shall require at least one hundred sixty**
 18 **(160) live racing days each calendar year at the racetrack**
 19 **designated in a permit holder's permit, as follows:**

20 **(1) One hundred (100) live racing days must be for**
 21 **standardbreds.**

22 **(2) Sixty (60) live racing days must be for horses that are:**

23 **(A) mounted by jockeys; and**

24 **(B) run on a course without jumps or obstacles.**

25 **The requirements of this subsection are a continuing condition for**
 26 **maintaining the permit holder's permit. However, the requirements**
 27 **do not apply if the commission determines that the permit holder**
 28 **is prevented from conducting live horse racing as a result of a**
 29 **natural disaster or another event over which the permit holder has**
 30 **no control.**

31 SECTION 7. IC 4-31-7-1 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. (a) A person holding
 33 a permit to conduct a horse racing meeting or a license to operate a
 34 satellite facility may provide a place in the racing meeting grounds or
 35 enclosure or the satellite facility at which the person may conduct and
 36 supervise the pari-mutuel system of wagering by patrons of legal age on
 37 the horse races conducted or simulcast by the person. The person may
 38 not permit or use:

39 **(1) another place other than that provided and designated by the**
 40 **person; or**

41 **(2) another method or system of betting or wagering.**

42 **However, a permit holder licensed to conduct gambling games**
 43 **under IC 4-35 may permit wagering on slot machines at a**
 44 **racetrack as permitted by IC 4-35.**

45 **(b) Except as provided in section 7 of this chapter and IC 4-31-5.5,**
 46 **the pari-mutuel system of wagering may not be conducted on any races**

except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 8. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. (a) A person less than eighteen (18) years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than eighteen (18) years of age may not enter a satellite facility.

(d) Except as provided by IC 4-35-7-2, a person less than twenty-one (21) years of age may not enter the part of a racetrack in which gambling games are conducted under IC 4-35.

SECTION 9. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. A person that holds a permit to conduct a horse racing meeting or a license to operate a satellite facility shall withhold:

(1) eighteen percent (18%) of the total of money wagered on each day at the racetrack or satellite facility (including money wagered on exotic wagering pools, **but excluding money wagered on slot machines under IC 4-35**); plus

(2) an additional three and one-half percent (3.5%) of the total of all money wagered on exotic wagering pools on each day at the racetrack or satellite facility.

SECTION 10. IC 4-33-2-17.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 17.5. "Slot machine taxes" means the state wagering tax imposed on gambling games conducted by a person holding a gambling game license issued under IC 4-35-5.**

SECTION 11. IC 4-33-12-6, AS AMENDED BY P.L.4-2005, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or

1 (ii) is contiguous to the Ohio River and is the largest city in
 2 the county; and
 3 (B) the county in which the riverboat is docked, if the riverboat
 4 is not docked in a city described in clause (A).
 5 (2) Except as provided in subsection (k), one dollar (\$1) of the
 6 admissions tax collected by the licensed owner for each person:
 7 (A) embarking on a gambling excursion during the quarter; or
 8 (B) admitted to a riverboat during the quarter that has
 9 implemented flexible scheduling under IC 4-33-6-21;
 10 shall be paid to the county in which the riverboat is docked. In the
 11 case of a county described in subdivision (1)(B), this one dollar
 12 (\$1) is in addition to the one dollar (\$1) received under
 13 subdivision (1)(B).
 14 (3) Except as provided in subsection (k), ten cents (\$0.10) of the
 15 admissions tax collected by the licensed owner for each person:
 16 (A) embarking on a gambling excursion during the quarter; or
 17 (B) admitted to a riverboat during the quarter that has
 18 implemented flexible scheduling under IC 4-33-6-21;
 19 shall be paid to the county convention and visitors bureau or
 20 promotion fund for the county in which the riverboat is docked.
 21 (4) Except as provided in subsection (k), fifteen cents (\$0.15) of
 22 the admissions tax collected by the licensed owner for each
 23 person:
 24 (A) embarking on a gambling excursion during the quarter; or
 25 (B) admitted to a riverboat during a quarter that has
 26 implemented flexible scheduling under IC 4-33-6-21;
 27 shall be paid to the state fair commission, for use in any activity
 28 that the commission is authorized to carry out under IC 15-1.5-3.
 29 (5) Except as provided in subsection (k), ten cents (\$0.10) of the
 30 admissions tax collected by the licensed owner for each person:
 31 (A) embarking on a gambling excursion during the quarter; or
 32 (B) admitted to a riverboat during the quarter that has
 33 implemented flexible scheduling under IC 4-33-6-21;
 34 shall be paid to the division of mental health and addiction. The
 35 division shall allocate at least twenty-five percent (25%) of the
 36 funds derived from the admissions tax to the prevention and
 37 treatment of compulsive gambling.
 38 (6) Except as provided in subsection (k) **and section 7 of this**
 39 **chapter**, sixty-five cents (\$0.65) of the admissions tax collected
 40 by the licensed owner for each person embarking on a gambling
 41 excursion during the quarter or admitted to a riverboat during the
 42 quarter that has implemented flexible scheduling under
 43 IC 4-33-6-21 shall be paid to the Indiana horse racing commission
 44 to be distributed as follows, in amounts determined by the Indiana
 45 horse racing commission, for the promotion and operation of horse
 46 racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five

hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(A) Job creation and retention.

(B) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(C) Housing.

(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the

admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the

quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The

division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

- (1) Each entity receiving money under subsection (b).
- (2) Each entity receiving money under subsection (d)(1) through (d)(2).
- (3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) ~~exceed~~ **exceeds** a particular entity's base year revenue; and
- (2) would otherwise be due to the entity under this section;

to the property tax replacement fund instead of to the entity.

SECTION 12. IC 4-33-12-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 7. (a) The maximum amount paid to the Indiana horse racing commission under this article in a state fiscal year ending before July 1, 2008, may not exceed the remainder of:**

- (1) the Indiana horse racing commission's base year revenue as determined under section 6(h) of this chapter; minus
- (2) the amount of slot machine taxes, if any, distributed to the Indiana horse racing commission under IC 4-35-8-3 in the state fiscal year.

(b) For a state fiscal year ending before July 1, 2008, the treasurer of state shall pay an amount equal to the lesser of:

- (1) the amount of admissions taxes specified in:
 - (A) section 6(b)(6) of this chapter; and
 - (B) section 6(d)(7) of this chapter; or
- (2) the amount of slot machine taxes subtracted from the Indiana horse racing commission's base year revenue under subsection (a);

to the state general fund instead of to the Indiana horse racing commission.

(c) For a state fiscal year beginning after June 30, 2008, the Indiana horse racing commission is not entitled to a distribution of admissions taxes collected under this chapter. After June 30, 2008, the treasurer of state shall pay the total amount of admissions taxes specified in:

- (1) section 6(b)(6) of this chapter; and
- (2) section 6(d)(7) of this chapter;

to the state general fund instead of to the Indiana horse racing commission.

SECTION 13. IC 4-33-13-5, AS AMENDED BY P.L.246-2005, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

- (1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).
- (2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:
 - (A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:
 - (i) a city described in IC 4-33-12-6(b)(1)(A); or
 - (ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or
 - (B) to the county that is designated as the home dock of the

1 riverboat from which the tax revenue was collected, in the case
 2 of a riverboat whose home dock is not in a city described in
 3 clause (A).

4 (3) Subject to subsection (d), the remainder of the tax revenue
 5 remitted by each licensed owner shall be paid to the property tax
 6 replacement fund. In each state fiscal year, the treasurer of state
 7 shall make the transfer required by this subdivision not later than
 8 the last business day of the month in which the tax revenue is
 9 remitted to the state for deposit in the state gaming fund. However,
 10 if tax revenue is received by the state on the last business day in a
 11 month, the treasurer of state may transfer the tax revenue to the
 12 property tax replacement fund in the immediately following
 13 month.

14 (b) This subsection applies only to tax revenue remitted by an
 15 operating agent operating a riverboat in a historic hotel district. After
 16 funds are appropriated under section 4 of this chapter, each month the
 17 treasurer of state shall distribute the tax revenue deposited in the state
 18 gaming fund under this chapter as follows:

19 (1) Thirty-seven and one-half percent (37.5%) shall be paid to the
 20 property tax replacement fund established under IC 6-1.1-21.

21 (2) Thirty-seven and one-half percent (37.5%) shall be paid to the
 22 West Baden Springs historic hotel preservation and maintenance
 23 fund established by IC 36-7-11.5-11(b). However, at any time the
 24 balance in that fund exceeds twenty million dollars (\$20,000,000),
 25 the amount described in this subdivision shall be paid to the
 26 property tax replacement fund established under IC 6-1.1-21.

27 (3) Five percent (5%) shall be paid to the historic hotel
 28 preservation commission established under IC 36-7-11.5.

29 (4) Ten percent (10%) shall be paid in equal amounts to each town
 30 that:

31 (A) is located in the county in which the riverboat docks; and

32 (B) contains a historic hotel.

33 The town council shall appropriate a part of the money received by
 34 the town under this subdivision to the budget of the town's tourism
 35 commission.

36 (5) Ten percent (10%) shall be paid to the county treasurer of the
 37 county in which the riverboat is docked. The county treasurer shall
 38 distribute the money received under this subdivision as follows:

39 (A) Twenty percent (20%) shall be quarterly distributed to the
 40 county treasurer of a county having a population of more than
 41 thirty-nine thousand six hundred (39,600) but less than forty
 42 thousand (40,000) for appropriation by the county fiscal body
 43 after receiving a recommendation from the county executive.

44 The county fiscal body for the receiving county shall provide
 45 for the distribution of the money received under this clause to
 46 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in

- 1 the county under a formula established by the county fiscal
 2 body after receiving a recommendation from the county
 3 executive.
- 4 (B) Twenty percent (20%) shall be quarterly distributed to the
 5 county treasurer of a county having a population of more than
 6 ten thousand seven hundred (10,700) but less than twelve
 7 thousand (12,000) for appropriation by the county fiscal body
 8 after receiving a recommendation from the county executive.
 9 The county fiscal body for the receiving county shall provide
 10 for the distribution of the money received under this clause to
 11 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
 12 the county under a formula established by the county fiscal
 13 body after receiving a recommendation from the county
 14 executive.
- 15 (C) Sixty percent (60%) shall be retained by the county where
 16 the riverboat is docked for appropriation by the county fiscal
 17 body after receiving a recommendation from the county
 18 executive. The county fiscal body shall provide for the
 19 distribution of part or all of the money received under this
 20 clause to the following under a formula established by the
 21 county fiscal body:
- 22 (i) A town having a population of more than two thousand
 23 two hundred (2,200) but less than three thousand five
 24 hundred (3,500) located in a county having a population of
 25 more than nineteen thousand three hundred (19,300) but less
 26 than twenty thousand (20,000).
- 27 (ii) A town having a population of more than three thousand
 28 five hundred (3,500) located in a county having a population
 29 of more than nineteen thousand three hundred (19,300) but
 30 less than twenty thousand (20,000).
- 31 (c) For each city and county receiving money under subsection
 32 (a)(2), the treasurer of state shall determine the total amount of money
 33 paid by the treasurer of state to the city or county during the state fiscal
 34 year 2002. The amount determined is the base year revenue for the city
 35 or county. The treasurer of state shall certify the base year revenue
 36 determined under this subsection to the city or county. The total amount
 37 of money distributed to a city or county under this section during a state
 38 fiscal year may not exceed the entity's base year revenue. For each state
 39 fiscal year, the treasurer of state shall pay that part of the riverboat
 40 wagering taxes that:
- 41 (1) exceeds a particular city's or county's base year revenue; and
 42 (2) would otherwise be due to the city or county under this section;
 43 to the property tax replacement fund instead of to the city or county.
- 44 (d) Each state fiscal year the treasurer of state shall transfer from the
 45 tax revenue remitted to the property tax replacement fund under
 46 subsection (a)(3) to the build Indiana fund an amount that when added

to the following may not exceed two hundred fifty million dollars (\$250,000,000):

- (1) Surplus lottery revenues under IC 4-30-17-3.
- (2) Surplus revenue from the charity gaming enforcement fund under IC 4-32-10-6.
- (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the property tax replacement fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

- (1) To each city located in the county according to the ratio the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

- (1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).
- (2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.
- (3) To fund sewer and water projects, including storm water management projects.
- (4) For police and fire pensions.
- (5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. **Except as provided in subsection (i),** the amount of ~~the~~ **an entity's** supplemental distribution is equal to:

(1) the entity's base year revenue (as determined under IC 4-33-12-6); minus

(2) the sum of:

(A) the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6; plus

(B) any amounts deducted under IC 6-3.1-20-7.

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

(i) This subsection applies only to the Indiana horse racing commission. For a state fiscal year ending before July 1, 2008, the amount of the Indiana horse racing commission's supplemental distribution under subsection (g) must be reduced by the amount required under IC 4-33-12-7(a). For a state fiscal year beginning after June 30, 2008, the Indiana horse racing commission is not entitled to a supplemental distribution under subsection (g).

SECTION 14. IC 4-33-18-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) Nothing in this chapter may be construed to limit the powers or responsibilities of:

(1) the ~~Indiana state~~ lottery commission under IC 4-30;

(2) the Indiana horse racing commission under IC 4-31;

(3) the department of state revenue under IC 4-32; or

(4) the Indiana gaming commission under IC 4-33 **or IC 4-35.**

(b) The department may not exercise any administrative or regulatory powers with respect to:

(1) the Indiana lottery under IC 4-30;

- (2) pari-mutuel horse racing under IC 4-31;
- (3) charity gaming under IC 4-32; or
- (4) riverboat casino gambling under IC 4-33; or
- (5) gambling games conducted at a racetrack (as defined in IC 4-35-2-8) under IC 4-35.**

SECTION 15. IC 4-35 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]:

ARTICLE 35. GAMBLING GAMES AT RACETRACKS

Chapter 1. Application

Sec. 1. This article applies only to gambling games conducted by a permit holder holding a gambling game license issued under IC 4-35-5.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Adjusted gross receipts" means:

- (1) the total of all cash and property (including checks received by a licensee, whether collected or not) received by a licensee from gambling games; minus**

(2) the total of:

- (A) all cash paid out to patrons as winnings for gambling games; and**
- (B) uncollectible gambling game receivables, not to exceed the lesser of:**

- (i) a reasonable provision for uncollectible patron checks received from gambling games; or**
- (ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out to patrons as winnings for gambling games.**

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the licensee from gambling games.

Sec. 3. "Commission" refers to the Indiana gaming commission established by IC 4-33-3-1.

Sec. 4. "Department" refers to the department of state revenue.

Sec. 5. "Gambling game" means a game played on a slot machine.

Sec. 6. "Licensee" means a permit holder holding a gambling game license issued under IC 4-35-5.

Sec. 7. "Permit holder" means a person holding a permit issued under IC 4-31-5 to conduct a pari-mutuel horse racing meeting.

Sec. 8. "Racetrack" means the racetrack specified in a permit holder's permit to conduct a pari-mutuel horse racing meeting.

Sec. 9. "Slot machine" means a type of electronic gaming device approved by the commission as a wagering device for use under

1 this article.

2 Sec. 10. "Supplier's license" means a license issued under
3 IC 4-35-6.

4 Chapter 3. General Provisions

5 Sec. 1. All shipments of slot machines to licensees in Indiana, the
6 registering, recording, and labeling of which have been completed
7 by the manufacturer or dealer in accordance with 15 U.S.C. 1171
8 through 15 U.S.C. 1178, are legal shipments of gambling devices
9 into Indiana.

10 Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the
11 state of Indiana, acting by and through elected and qualified
12 members of the general assembly, declares that the state is exempt
13 from 15 U.S.C. 1172.

14 Chapter 4. Powers and Duties of the Indiana Gaming
15 Commission

16 Sec. 1. The commission shall regulate and administer gambling
17 games conducted by a licensee under this article.

18 Sec. 2. The commission shall do the following:

19 (1) Adopt rules that the commission determines are necessary
20 to protect or enhance the following:

21 (A) The credibility and integrity of gambling games
22 authorized under this article.

23 (B) The regulatory process provided in this article.

24 (2) Conduct all hearings concerning civil violations of this
25 article.

26 (3) Provide for the establishment and collection of license fees
27 imposed under this article, and deposit the license fees in the
28 state general fund.

29 (4) Levy and collect penalties for noncriminal violations of
30 this article, and deposit the penalties in the state general fund.

31 (5) Adopt appropriate standards for the design, appearance,
32 aesthetics, and construction of slot machine facilities
33 authorized under this article.

34 Sec. 3. The commission shall adopt rules under IC 4-22-2 for the
35 following purposes:

36 (1) Administering this article.

37 (2) Establishing the conditions under which gambling games
38 at racetracks may be conducted.

39 (3) Providing for the prevention of practices detrimental to
40 the public interest.

41 (4) Establishing rules concerning the inspection of gambling
42 game facilities at racetracks and the review of the licenses
43 necessary to conduct gambling games under this article.

44 (5) Imposing penalties for noncriminal violations of this
45 article.

46 Sec. 4. The commission may enter into a contract with the

1 **Indiana horse racing commission for the provision of services**
2 **necessary to administer this article.**

3 **Chapter 5. Gambling Game License**

4 **Sec. 1. The commission may issue a license to a permit holder to**
5 **conduct gambling games under this article at the permit holder's**
6 **racetrack. The number of licenses issued under this chapter may**
7 **not exceed two (2).**

8 **Sec. 2. Before issuing a license to a person under this chapter,**
9 **the commission shall subject the person to a background**
10 **investigation similar to a background investigation required for an**
11 **applicant for a riverboat owner's license under IC 4-33-6.**

12 **Sec. 3. (a) A permit holder that is issued a gambling game**
13 **license under this article must pay an initial licensing fee equal to**
14 **the product of:**

15 **(1) forty thousand dollars (\$40,000); multiplied by**

16 **(2) the number of slot machines that the permit holder will**
17 **place into service at the permit holder's racetrack.**

18 **The fee required under this section must be paid to the commission**
19 **before September 1, 2006.**

20 **(b) A permit holder that is issued a gambling game license under**
21 **this article may not operate a satellite facility under IC 4-31-5.5**
22 **that was not in operation on January 1, 2006.**

23 **Sec. 4. An initial gambling game license expires five (5) years**
24 **after the effective date of the license. Unless the gambling game**
25 **license is terminated or revoked, the gambling game license may be**
26 **renewed annually thereafter upon:**

27 **(1) the payment of an annual renewal fee of five thousand**
28 **dollars (\$5,000); and**

29 **(2) a determination by the commission that the licensee**
30 **satisfies the conditions of this chapter.**

31 **Sec. 5. (a) The commission shall conduct a complete**
32 **investigation of each licensee every three (3) years to determine**
33 **whether the licensee remains in compliance with this article.**

34 **(b) Notwithstanding subsection (a), the commission may**
35 **investigate a licensee at any time the commission determines it is**
36 **necessary to ensure that the licensee remains in compliance with**
37 **this article.**

38 **Sec. 6. A permit holder or other person investigated under this**
39 **chapter shall bear the cost of the investigation.**

40 **Sec. 7. (a) A licensee or any other person must apply for and**
41 **receive the commission's approval before:**

42 **(1) a gambling game license is:**

43 **(A) transferred;**

44 **(B) sold; or**

45 **(C) purchased; or**

46 **(2) a voting trust agreement or other similar agreement is**

1 established with respect to the gambling game license.

2 (b) The commission shall adopt rules governing the procedure
3 a licensee or other person must follow to take an action under
4 subsection (a). The rules must specify that a person who obtains an
5 ownership interest in a gambling game license must meet the
6 criteria of this article and rules adopted by the commission. A
7 licensee may transfer a gambling game license only in accordance
8 with this article and rules adopted by the commission.

9 (c) A licensee or any other person may not:

10 (1) lease;

11 (2) hypothecate; or

12 (3) borrow or loan money against;

13 a gambling game license.

14 (d) A transfer fee is imposed on a person who purchases or
15 otherwise acquires a controlling interest, as determined under the
16 rules of the commission, in a gambling game license previously
17 issued to another person. The fee is equal to two million dollars
18 (\$2,000,000).

19 Sec. 8. The commission shall transfer:

20 (1) fees collected under this chapter; and

21 (2) all investigation costs recovered under this chapter;

22 to the treasurer of state for deposit in the state general fund.

23 Chapter 6. Slot Machine Suppliers

24 Sec. 1. The commission may issue a supplier's license under this
25 chapter to a person if:

26 (1) the person has:

27 (A) applied for the supplier's license;

28 (B) paid a nonrefundable application fee set by the
29 commission;

30 (C) paid a five thousand dollar (\$5,000) annual supplier's
31 license fee; and

32 (D) submitted, on forms provided by the commission, two

33 (2) sets of:

34 (i) the individual's fingerprints, if the applicant is an
35 individual; or

36 (ii) fingerprints for each officer and director of the
37 applicant, if the applicant is not an individual; and

38 (2) the commission has determined that the applicant is
39 eligible for a supplier's license.

40 Sec. 2. A person may not receive a supplier's license under this
41 chapter if:

42 (1) the person has been convicted of a felony under Indiana
43 law, the laws of any other state, or the laws of the United
44 States;

45 (2) the person has knowingly or intentionally submitted an
46 application for a supplier's license under this chapter that

- contains false information;
 - (3) the person is a member of the commission;
 - (4) the person is an officer, a director, or a managerial employee of a person described in subdivision (1) or (2);
 - (5) the person employs an individual who:
 - (A) is described in subdivision (1), (2), or (3); or
 - (B) participates in the management or operation of gambling operations authorized under this article;
 - (6) the person owns more than a ten percent (10%) ownership interest in any other person holding a permit issued under IC 4-31; or
 - (7) a license issued to the person:
 - (A) under this article;
 - (B) under IC 4-33-7; or
 - (C) to supply gaming supplies in another jurisdiction;
- has been revoked.

Sec. 3. A holder of a supplier's license may:

- (1) sell;
- (2) lease; or
- (3) contract to sell or lease;

a slot machine to a licensee.

Sec. 4. A person may not furnish slot machines to a licensee unless the person possesses a supplier's license.

Sec. 5. A slot machine may not be distributed for use under this article unless the slot machine conforms to standards adopted by the commission.

Sec. 6. (a) A supplier shall furnish to the commission a list of all slot machines offered for sale or lease in connection with gambling games authorized under this article.

(b) A supplier shall keep books and records for the furnishing of slot machines to licensees. The books and records required under this subsection must be kept separate from the books and records of any other business operated by the supplier.

(c) A supplier shall file a quarterly return with the commission listing all sales and leases.

(d) A supplier shall permanently affix the supplier's name to all slot machines that the supplier provides to licensees under this chapter.

Sec. 7. If the commission determines that a supplier's slot machine has been used by a person in an unauthorized gambling operation, the slot machine shall be forfeited to the state.

Sec. 8. Slot machines operated under this article may be:

- (1) repaired on the premises of a racetrack; or
- (2) removed for repair from the racetrack to a facility owned by the licensee.

Sec. 9. (a) Unless a supplier's license is suspended, expires, or is

1 revoked, the supplier's license may be renewed annually upon:

2 (1) the payment of a five thousand dollar (\$5,000) annual
3 renewal fee; and

4 (2) a determination by the commission that the holder of the
5 supplier's license is in compliance with this article.

6 (b) The commission shall conduct a complete investigation of
7 each holder of a supplier's license every three (3) years to
8 determine whether the holder of the supplier's license is in
9 compliance with this article.

10 (c) Notwithstanding subsection (b), the commission may
11 investigate the holder of a supplier's license at any time the
12 commission determines it is necessary to ensure that the holder of
13 the supplier's license is in compliance with this article.

14 (d) The holder of a supplier's license shall bear the cost of an
15 investigation or a reinvestigation of the licensee and any
16 investigation resulting from a potential transfer of ownership.

17 Sec. 10. The commission shall transfer:

18 (1) fees collected under this chapter; and

19 (2) all investigation costs recovered under this chapter;
20 to the treasurer of state for deposit in the state general fund.

21 Chapter 7. Conduct of Gambling Games at Racetracks

22 Sec. 1. Gambling games authorized under this article may not
23 be conducted anywhere other than a slot machine facility located
24 at a racetrack.

25 Sec. 2. (a) A person who is less than twenty-one (21) years of age
26 may not wager on a slot machine.

27 (b) Except as provided in subsection (c), a person who is less
28 than twenty-one (21) years of age may not be present in the area of
29 a racetrack where gambling games are conducted.

30 (c) A person who is at least eighteen (18) years of age and who
31 is an employee of the racetrack may be present in the area of the
32 racetrack where gambling games are conducted. However, an
33 employee who is less than twenty-one (21) years of age may not
34 perform any function involving gambling by the patrons of the
35 licensee's slot machine facility.

36 Sec. 3. Minimum and maximum wagers on gambling games shall
37 be determined by the licensee.

38 Sec. 4. The following may inspect a licensee's slot machine
39 facility at any time to determine if this article is being violated:

40 (1) Employees of the commission.

41 (2) Officers of the state police department.

42 Sec. 5. Employees of the commission have the right to be present
43 in a licensee's slot machine facility.

44 Sec. 6. A slot machine may be purchased or leased only from a
45 supplier licensed under this article.

46 Sec. 7. Except as permitted under this article, a licensee may not

1 permit any form of wagering in the licensee's slot machine facility.

2 Sec. 8. Wagers may be received only from a person present in
3 a licensee's slot machine facility. A person present in a licensee's
4 slot machine facility may not place or attempt to place a wager on
5 behalf of another person who is not present in the licensee's slot
6 machine facility.

7 Sec. 9. A licensee may not install more than two thousand five
8 hundred (2,500) slot machines on the premises of the licensee's
9 racetrack.

10 Chapter 8. Taxation of Slot Machine Wagering

11 Sec. 1. (a) A state wagering tax is imposed on the adjusted gross
12 receipts received from wagering on slot machines authorized under
13 this article at the rate of thirty-two percent (32%).

14 (b) A licensee shall remit the tax imposed by this section to the
15 department before the close of the business day following the day
16 the wagers are made.

17 (c) The department may require payment under this section to
18 be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

19 (d) If the department requires taxes to be remitted under this
20 chapter through electronic funds transfer, the department may
21 allow the licensee to file a monthly report to reconcile the amounts
22 remitted to the department.

23 (e) The payment of the tax under this section must be on a form
24 prescribed by the department.

25 Sec. 2. (a) The state racetrack gaming fund is established.

26 (b) The department shall deposit tax revenue collected under
27 section 1 of this chapter in the state racetrack gaming fund.

28 (c) Money in the state racetrack gaming fund is appropriated
29 for purposes of this chapter.

30 Sec. 3. (a) This section applies to the first twenty-seven million
31 two hundred five thousand two hundred eighty-four dollars
32 (\$27,205,284) deposited in the state racetrack gaming fund in a
33 state fiscal year ending before July 1, 2008.

34 (b) Before the fifteenth day of each month, the treasurer of state
35 shall distribute the tax revenue deposited in the state racetrack
36 gaming fund in the preceding month to the Indiana horse racing
37 commission to be distributed in amounts determined by the
38 Indiana horse racing commission as follows:

39 (1) To one (1) or more breed development funds established
40 by the Indiana horse racing commission under IC 4-31-11-10.

41 (2) To a racetrack that was approved by the Indiana horse
42 racing commission under IC 4-31. The commission may make
43 a grant under this subdivision only for purses, promotions,
44 and routine operations of the racetrack. A grant may not be
45 made for long term capital investment or construction, and a
46 grant may not be made before the racetrack becomes

operational and is offering a racing schedule.

Sec. 4. (a) This section applies to the tax revenue deposited in the state racetrack gaming fund that exceeds twenty-seven million two hundred five thousand two hundred eighty-four dollars (\$27,205,284) in a state fiscal year ending before July 1, 2008.

(b) The treasurer of state shall transfer the first one hundred million dollars (\$100,000,000) of the tax revenue described in subsection (a) to the state general fund.

(c) After making the transfer required by subsection (b), the treasurer of state shall transfer the remaining amount of tax revenue deposited in the state racetrack gaming fund in a state fiscal year ending before July 1, 2008, to the revenue sharing fund established by section 10 of this chapter.

(d) Money deposited in the state general fund under this section must be used to provide supplemental residential property tax replacement credits under IC 6-1.1-21.9.

Sec. 5. (a) This section applies to a state fiscal year beginning after June 30, 2008.

(b) The treasurer of state shall transfer the first one hundred million dollars (\$100,000,000) of the tax revenue deposited in the state racetrack gaming fund in a state fiscal year to the state general fund.

(c) After making the transfer required by subsection (b), the treasurer of state shall transfer the remaining amount of tax revenue deposited in the state racetrack gaming fund in a state fiscal year to the revenue sharing fund established by section 10 of this chapter.

(d) Money deposited in the state general fund under this section must be used to provide supplemental residential property tax replacement credits under IC 6-1.1-21.9.

Sec. 6. (a) A local wagering tax is imposed on the adjusted gross receipts received from wagering on slot machines authorized under this article at the rate of four percent (4%).

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The department may allow taxes remitted under this section to be reported on the same form used for taxes paid under section 1 of this chapter.

Sec. 7. (a) The local racetrack gaming fund is established.

1 Money in the local racetrack gaming fund does not revert to the
2 state general fund at the end of a state fiscal year.

3 (b) The department shall deposit tax revenue collected under
4 section 6 of this chapter in the local racetrack gaming fund.

5 (c) The treasurer of state shall establish a separate account
6 within the local racetrack gaming fund for each county containing
7 a racetrack. Each account consists of the local wagering taxes
8 remitted by the county's racetrack under section 6 of this chapter
9 and deposited in the local racetrack gaming fund under subsection
10 (b).

11 (d) Money in the local racetrack gaming fund is appropriated
12 for purposes of this chapter.

13 Sec. 8. The treasurer of state shall distribute the taxes deposited
14 in each account established under section 7 of this chapter for each
15 county containing a racetrack as follows:

16 (1) To each city located in the county according to the ratio
17 the city's population bears to the total population of the
18 county.

19 (2) To each town located in the county according to the ratio
20 the town's population bears to the total population of the
21 county.

22 (3) After the distributions required in subdivisions (1) and (2)
23 are made, the remainder shall be retained by the county.

24 Sec. 9. (a) Before the fifteenth day of each month, a licensee shall
25 pay to the Indiana horse racing commission for the promotion of
26 horse racing a fee of fifteen and twenty-five hundredths percent
27 (15.25%) of the licensee's adjusted gross receipts received for the
28 previous month from wagering on slot machines authorized by this
29 article. Money received under this subsection must be spent as
30 follows:

31 (1) One and five-tenths percent (1.5%) for equine welfare.

32 (2) One and five-tenths percent (1.5%) for backside
33 benevolence.

34 (3) Ninety-seven percent (97%) to promote horses and horse
35 racing in accordance with subsection (c).

36 (b) The Indiana horse racing commission may expend the
37 amounts described in subsection (a)(1) through (a)(2) for a purpose
38 promoting equine welfare or for a benevolent purpose that the
39 Indiana horse racing commission determines in its sole discretion
40 to be in the best interests of horse racing in Indiana.

41 (c) The Indiana horse racing commission shall distribute the
42 amount described in subsection (a)(3) as follows:

43 (1) Forty-six percent (46%) for thoroughbred purposes as
44 follows:

45 (A) Seventy percent (70%) for the following purposes:

46 (i) Ninety-eight percent (98%) for thoroughbred purses.

(ii) One percent (1%) to the horsemen's association representing thoroughbred owners and trainers.

(iii) One percent (1%) to the horsemen's association representing thoroughbred owners and breeders.

(B) Thirty percent (30%) to the breed development fund established for thoroughbreds under IC 4-31-11-10.

(2) Forty-six percent (46%) for standardbred purposes as follows:

(A) Fifty percent (50%) for the following purposes:

(i) Ninety-six percent (96%) for standardbred purses.

(ii) Four percent (4%) to the horsemen's association representing standardbred owners and trainers.

(B) Fifty percent (50%) to the breed development fund established for standardbreds under IC 4-31-11-10.

(3) Eight percent (8%) for quarter horse purposes as follows:

(A) Seventy percent (70%) for the following purposes:

(i) Ninety-five percent (95%) for quarter horse purses.

(ii) Five percent (5%) to the horsemen's association representing quarter horse owners and trainers.

However, in the first year after the commencement of slot machine operations, the money distributed under this clause may not exceed the lesser of two million seven hundred thousand dollars (\$2,700,000) or five and six-tenths percent (5.6%) of the total amount of money distributed under this subsection. If quarter horse races average at least seven and five-tenths (7.5) horses per gate in the first year after the commencement of slot machine operations or in a subsequent year, the money distributed under this clause for quarter horse purposes shall be increased by ten percent (10%) in the following year. However, the money distributed under this clause may not exceed five and six-tenths percent (5.6%) of the total amount of money distributed under this subsection. If the amount of money distributed under this clause is less than five and six-tenths percent (5.6%) of the total amount of money distributed under this subsection in a particular year, the amounts distributed under subdivisions (1)(A) and (2)(A) for that year shall be increased equally in proportional amounts.

(B) Thirty percent (30%) to the breed development fund established for quarter horses under IC 4-31-11-10.

Sec. 10. (a) As used in this section, "eligible county" means a county that does not contain either of the following:

(1) A riverboat licensed under IC 4-33.

(2) A racetrack authorized to conduct gambling games under this article.

(b) The revenue sharing fund is established. The revenue sharing fund shall be administered by the treasurer of state. The treasurer of state shall invest the money in the revenue sharing fund not currently needed to meet the obligations of the revenue sharing fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the revenue sharing fund. Money in the revenue sharing fund does not revert to the state general fund at the end of a state fiscal year.

(c) Before August 15, the treasurer of state shall distribute the money deposited in the revenue sharing fund under this chapter in the previous state fiscal year to the county treasurer of each eligible county. Except as otherwise provided in this subsection, each county treasurer is entitled to a distribution of five hundred thousand dollars (\$500,000). If the amount of money deposited in the revenue sharing fund in the previous state fiscal year is insufficient to distribute the amount specified in this subsection, each county's distribution amount must be reduced equally.

(d) The county auditor shall distribute the money received by an eligible county under subsection (c) as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(e) Money in the revenue sharing fund is appropriated continuously for purposes of this section.

Sec. 11. (a) As used in this section, "political subdivision" means a county, city, or town.

(b) Money paid to a political subdivision under this chapter:

(1) must be paid to the fiscal officer of the political subdivision and must be deposited in the political subdivision's general fund;

(2) may not be used to reduce the political subdivision's maximum levy under IC 6-1.1 but may be used at the discretion of the political subdivision to reduce the property tax levy of the political subdivision for a particular year;

(3) may be used for any purpose specified in this chapter or for any other legal or corporate purpose of the political subdivision, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

Chapter 9. Penalties

1 **Sec. 1. This chapter applies only to gambling games authorized**
 2 **under this article.**

3 **Sec. 2. A person who knowingly or intentionally aids, induces,**
 4 **or causes a person who is:**

5 (1) less than twenty-one (21) years of age; and

6 (2) not an employee of a licensee;

7 **to enter or attempt to enter the licensee's slot machine facility**
 8 **commits a Class A misdemeanor.**

9 **Sec. 3. A person who:**

10 (1) is not an employee of a licensee;

11 (2) is less than twenty-one (21) years of age; and

12 (3) knowingly or intentionally enters the licensee's slot
 13 machine facility;

14 **commits a Class A misdemeanor.**

15 **Sec. 4. A person who knowingly or intentionally:**

16 (1) makes a false statement on an application submitted under
 17 this article;

18 (2) conducts a gambling game in a manner other than the
 19 manner required under this article; or

20 (3) wagers or accepts a wager at a location other than a
 21 licensee's slot machine facility;

22 **commits a Class A misdemeanor.**

23 **Sec. 5. A person who knowingly or intentionally does any of the**
 24 **following commits a Class D felony:**

25 (1) Offers, promises, or gives anything of value or benefit:

26 (A) to a person who is connected with a licensee, including
 27 an officer or an employee of a licensee; and

28 (B) under an agreement to influence or with the intent to
 29 influence:

30 (i) the actions of the person to whom the offer, promise,
 31 or gift was made in order to affect or attempt to affect
 32 the outcome of a gambling game; or

33 (ii) an official action of a commission member.

34 (2) Solicits, accepts, or receives a promise of anything of value
 35 or benefit:

36 (A) while the person is connected with a licensee, including
 37 as an officer or employee of a licensee; and

38 (B) under an agreement to influence or with the intent to
 39 influence:

40 (i) the actions of the person to affect or attempt to affect
 41 the outcome of a gambling game; or

42 (ii) an official action of a commission member.

43 (3) Uses or possesses with the intent to use a device to assist
 44 in:

45 (A) projecting the outcome of a gambling game;

46 (B) analyzing the probability of the occurrence of an event

- 1 relating to a gambling game; or
- 2 (C) analyzing the strategy for playing or betting to be used
- 3 in a gambling game, except as permitted by the
- 4 commission.
- 5 (4) Cheats at a gambling game.
- 6 (5) Manufactures, sells, or distributes any game or device that
- 7 is intended to be used to violate this article.
- 8 (6) Alters or misrepresents the outcome of a gambling game
- 9 on which wagers have been made after the outcome is made
- 10 sure but before the outcome is revealed to the players.
- 11 (7) Places a bet on the outcome of a gambling game after
- 12 acquiring knowledge that:
- 13 (A) is not available to all players; and
- 14 (B) concerns the outcome of the gambling game that is the
- 15 subject of the bet.
- 16 (8) Aids a person in acquiring the knowledge described in
- 17 subdivision (7) to place a bet contingent on the outcome of a
- 18 gambling game.
- 19 (9) Claims, collects, takes, or attempts to claim, collect, or
- 20 take money or anything of value in or from a gambling game:
- 21 (A) with the intent to defraud; or
- 22 (B) without having made a wager contingent on winning a
- 23 gambling game.
- 24 (10) Claims, collects, or takes an amount of money or a thing
- 25 of value that is of greater value than the amount won in a
- 26 gambling game.
- 27 (11) Uses or possesses counterfeit tokens in or for use in a
- 28 gambling game.
- 29 (12) Possesses a key or device designed for:
- 30 (A) opening, entering, or affecting the operation of a
- 31 gambling game, a drop box, or an electronic or mechanical
- 32 device connected with the gambling game; or
- 33 (B) removing coins, tokens, or other contents of a gambling
- 34 game.
- 35 This subdivision does not apply to a licensee or an employee
- 36 of a licensee acting in the course of the employee's
- 37 employment.
- 38 (13) Possesses materials used to manufacture a slug or device
- 39 intended to be used in a manner that violates this article.
- 40 **Chapter 10. Employment**
- 41 **Sec. 1. (a) This section applies if a permit holder's employees are**
- 42 **covered under the terms of a collective bargaining agreement that**
- 43 **is in effect at the time a gambling game license is issued to the**
- 44 **permit holder under IC 4-35-5.**
- 45 **(b) If a permit holder has nonsupervisory employees whose**
- 46 **work is:**

1 (1) directly related to:

2 (A) pari-mutuel terminal operations; or

3 (B) money room functions associated with pari-mutuel
4 wagering on horse racing; and

5 (2) covered under the terms of a collective bargaining
6 agreement;

7 the permit holder shall, subject to subsection (c), staff
8 nonsupervisory positions directly related to the operation of
9 gambling games under this article with employees whose work is
10 covered under the terms of a collective bargaining agreement.

11 (c) The employees described in subsection (b) must be qualified
12 to meet the licensing requirements of this article and any criteria
13 required by the commission in rules adopted under IC 4-22-2.

14 Sec. 2. The job classifications, job duties, wage rates, and
15 benefits of nonsupervisory positions related to gambling games
16 may be established by agreement of the parties to a collective
17 bargaining agreement or, in the absence of an agreement, by the
18 permit holder."

19 Page 23, between lines 37 and 38, begin a new paragraph and insert:

20 "SECTION 35. IC 6-1.1-21.9 IS ADDED TO THE INDIANA
21 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
22 [EFFECTIVE JANUARY 1, 2007]:

23 **Chapter 21.9. Supplemental Residential Property Tax**
24 **Replacement Credit**

25 **Sec. 1. The definitions in IC 6-1.1-20.9-1 apply throughout this**
26 **chapter.**

27 **Sec. 2. As used in this chapter, "qualified residential property"**
28 **means any of the following:**

29 (1) A homestead.

30 (2) Real property that meets the following requirements:

31 (A) The real property is located in Indiana.

32 (B) The real property is a residence that consists of:

33 (i) an individual's dwelling; and

34 (ii) the real estate, not exceeding one (1) acre, that
35 immediately surrounds that dwelling.

36 (C) The individual using the real property as a residence
37 either:

38 (i) owns the residence; or

39 (ii) is buying the residence under a contract, recorded in
40 the county recorder's office, that provides that the
41 individual is to pay the property taxes on the residence.

42 (D) The real property is not the principal residence of the
43 individual described in clause (C).

44 (3) Real property that:

45 (A) is regularly used to rent or otherwise furnish
46 residential accommodations for periods of thirty (30) days

- 1 or more; and
- 2 (B) has fewer than four (4) rental units.
- 3 **Sec. 3. (a) A person who on March 1 of a particular year either:**
- 4 (1) owns qualified residential property; or
- 5 (2) is buying qualified residential property under a contract
- 6 that provides that the person is to pay the property taxes on
- 7 the qualified residential property;
- 8 is entitled each calendar year to a credit against the property taxes
- 9 that the person pays on the person's qualified residential property.
- 10 (b) The amount of the credit to which the person is entitled
- 11 equals the product of:
- 12 (1) the percentage prescribed in subsection (d); multiplied by
- 13 (2) the amount of the person's property tax liability, as that
- 14 term is described in IC 6-1.1-21-5, that is:
- 15 (A) attributable to the qualified residential property
- 16 during the particular calendar year; and
- 17 (B) determined after the application of:
- 18 (i) the homestead credit, if any, under IC 6-1.1-20.9; and
- 19 (ii) the property tax replacement credit under
- 20 IC 6-1.1-21.
- 21 (c) For purposes of determining that part of a person's property
- 22 tax liability that is attributable to the person's qualified residential
- 23 property, all deductions from assessed valuation that the person
- 24 claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which
- 25 the person's qualified residential property is located must be
- 26 applied first against the assessed value of the person's qualified
- 27 residential property before those deductions are applied against
- 28 any other property.
- 29 (d) The percentage of the credit referred to in subsection (b)(1)
- 30 is three and five-tenths percent (3.5%).
- 31 (e) Before October 1 of each year, the assessor shall furnish to
- 32 the county auditor the amount of the assessed valuation of each
- 33 parcel of qualified residential property for which a credit has been
- 34 properly filed under this chapter.
- 35 (f) The county auditor shall apply the credit equally to each
- 36 installment of taxes that the person pays for the property.
- 37 **Sec. 4. (a) A person who desires to claim the credit provided by**
- 38 **section 3 of this chapter must file a certified statement in duplicate,**
- 39 **on forms prescribed by the department of local government**
- 40 **finance, with the auditor of the county in which the qualified**
- 41 **residential property is located.**
- 42 (b) The statement required under this section must include:
- 43 (1) the parcel number or key number of the real estate; and
- 44 (2) the name of the city, town, or township in which the real
- 45 estate is located.
- 46 (c) With respect to real property, the statement must be filed

1 during the twelve (12) months before May 11 of the year before the
 2 first year for which the person wishes to obtain the credit for the
 3 qualified residential property.

4 (d) With respect to a mobile home that is not assessed as real
 5 property or a manufactured home that is not assessed as real
 6 property, the statement must be filed during the twelve (12) months
 7 before March 2 of the first year for which the person wishes to
 8 obtain the credit.

9 (e) The statement may be filed in person or by mail. If mailed,
 10 the mailing must be postmarked on or before the last day for filing.
 11 The statement applies for the first year and any succeeding year
 12 for which the credit is allowed.

13 (f) If a person who is receiving the credit provided by this
 14 chapter changes the use of the person's real property, so that part
 15 or all of that real property no longer qualifies for the credit
 16 provided by this chapter, the person must file a certified statement
 17 with the auditor of the county, notifying the auditor of the change
 18 of use not later than sixty (60) days after the date of that change.

19 (g) A person who fails to file a statement required by subsection
 20 (f) is liable for the amount of the credit the person was allowed
 21 under this chapter for that real property after the date of the
 22 change.

23 **Sec. 5. Before April 1 of each year before the year in which the**
 24 **credit is allowed, the auditor of each county shall certify to the**
 25 **department of local government finance the amount of the assessed**
 26 **valuation that qualifies for the supplemental residential property**
 27 **tax replacement credit. Before February 1 of each year, the auditor**
 28 **of each county shall certify to the department of local government**
 29 **finance the amount of credits allowed under this chapter in that**
 30 **county for that calendar year."**

31 Page 61, line 38, after "(IC 4-33-13);" insert " **the taxes imposed on**
 32 **slot machine wagering at racetracks (IC 4-35-8);"**

33 Page 192, between lines 25 and 26, begin a new paragraph and
 34 insert:

35 "SECTION 77. IC 35-45-5-7 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. This chapter does
 37 not apply to the publication or broadcast of an advertisement, a list of
 38 prizes, or other information concerning:

39 (1) pari-mutuel wagering on horse races or a lottery authorized by
 40 the law of any state; **or**

41 (2) a game of chance operated in accordance with IC 4-32; **or**

42 **(3) a gambling game operated in accordance with IC 4-35.**

43 SECTION 78. IC 35-45-5-11 IS ADDED TO THE INDIANA
 44 CODE AS A NEW SECTION TO READ AS FOLLOWS
 45 [EFFECTIVE JULY 1, 2006]: **Sec. 11. This chapter does not apply**
 46 **to a gambling game authorized by IC 4-35."**

Page 216, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 118. [EFFECTIVE JULY 1, 2006] (a) If the Indiana gaming commission determines that a permit holder (as defined in IC 4-35-2-7, as added by this act) has met the requirements of this act, the Indiana gaming commission shall adopt a resolution authorizing the permit holder to conduct gambling games under IC 4-35, as added by this act. The Indiana gaming commission may exercise any power necessary to implement this act under a resolution authorized under this SECTION.

(b) The Indiana gaming commission shall authorize a permit holder to conduct gambling games in a temporary facility upon the Indiana gaming commission's approval of the permit holder's plans for a permanent facility. Gambling games may be conducted in a temporary facility under this SECTION for not more than eighteen (18) months.

(c) This SECTION expires January 1, 2009.

SECTION 119. [EFFECTIVE JULY 1, 2006] (a) There is appropriated to the department of agriculture established by IC 15-9-2-1 twenty-five million dollars (\$25,000,000) from the fees:

- (1) collected under IC 4-35-5-3, as added by this act; and
- (2) deposited in the state general fund under IC 4-35-5-8, as added by this act.

(b) Money appropriated under this SECTION must be used after September 1, 2006, to promote the following:

- (1) Agriculture based economic development.
- (2) Conservation.
- (3) Research.
- (4) Education.

(c) The money appropriated by this SECTION does not revert to the state general fund at the close of any state fiscal year but remains available to the department of agriculture until the purpose for which it was appropriated is fulfilled.

1 SECTION 120. [EFFECTIVE JANUARY 1, 2007] **IC 6-1.1-21.9,**
2 **as added by this act, applies to property taxes first due and**
3 **payable after December 31, 2007."**

4 Renumber all SECTIONS consecutively.
 (Reference is to EHB 1001 as printed February 24, 2006.)

Senator LANANE